GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:6310
ANSWERED ON:06.05.2005
NIDHI COMPANIES
Sidhu Shri Navjot Singh

Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) whether the Government is aware that Nidhi Companies/Mutual Benefit Societies are indulging in various irregularities;

(b) if so, the details thereof; and

(c) the steps being taken to check the irregularities of Nidhi Companies and to protect the investors?

Answer

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) & (b): There are a total of 244 companies notified as Nidhi companies/Mutual Benefit Societies as on 31.3.2005. The Ministry has received complaints against 6 companies defaulting in repayment of deposits to the depositors.

(c): Consequent upon receipt of complaints, the Ministry has carried out inspection into the working of these companies. Based on the inspection reports, the Government has rescinded the Nidhi status granted to three companies, viz., M/s Kuber Mutual Benefits Ltd., Meerut, M/s Trikone Mutual Benefits Ltd., Lucknow and M/s Singh Mutual

Benefit Company Ltd., Haldwani. Further, the Government has appointed Directors on the Board of M/s RBF Nidhi Ltd., Chennai. A Special Officer has been appointed to control the management of M/s Park Town Benefit Fund Ltd., Chennai. In respect of M/s Alwarpet Benefit Fund Ltd., Chennai, the Hon`ble High Court of Madras has appointed a Commissioner.

The directions/guidelines applicable to Nidhi companies, which provide for Prudential norms, were revised and notified in 2001 and 2002 to improve the functioning of Nidhi companies.

The Government has decided to constitute an Expert Group to review the functioning of Nidhi companies and to suggest a monitoring mechanism for improvement of the functioning of these companies.